

2.A OASDI: Effect of Current Earnings & Taxation of Benefits

Table 2.A29.—Earnings (retirement) test

Act	Beneficiaries exempt	Earnings subject to test	Amount permitted without reduction in benefits (exempt amount)		Reduction in monthly benefits ²	Effective year
			Annual earnings	Monthly wages ¹		
	For all beneficiaries					
1935.....	...	Covered	...	...	Full monthly benefit.	...
1939.....	...	...	...	\$14.99	...	1940
1950.....	Aged 75 or older	...	³ \$600	50.00	...	1951
1952.....	...	...	³ 900	75.00	...	1953
1954.....	Aged 72 or older	All ⁴	1,200	80.00	One month's full benefit for each \$80.00 or fraction thereof.	1955
1956.....	Disabled	...	...	....	...	1958
1958.....	...	...	...	100.00	...	1959
1960.....	...	...	...	...	\$1 for each \$2 of earnings from \$1,201-\$1,500; \$1 for each \$1 of earnings from \$1,500.	1961
1961.....	...	...	...	...	\$1 for each \$2 of earnings from \$1,201-\$1,700; \$1 for each \$1 of earnings above \$1,700.	1962
1965.....	...	...	1,500	125.00	\$1 for each \$2 of earnings from \$1,501-\$2,700; \$1 for each \$1 of earnings above \$2,700.	1966
1967.....	...	...	1,680	140.00	\$1 for each \$2 of earnings from \$1,681-\$2,880; \$1 for each \$1 of earnings above \$2,880.	1968
1972b.....	...	Up to age 72	2,100	175.00	\$1 for each \$2 of earnings above \$2,100.	1973
1973a.....	...	...	2,400	200.00	\$1 for each \$2 of earnings above \$2,400.	1974
1973b.....	...	...	⁵ 2,520	⁵ 210.00	\$1 for each \$2 of earnings above \$2,520.	1975
			⁵ 2,760	⁵ 230.00	\$1 for each \$2 of earnings above \$2,760.	1976
			⁵ 3,000	⁵ 250.00	\$1 for each \$2 of earnings above \$3,000.	1977
	For beneficiaries who have not yet reached normal retirement age—currently age 65 ⁶					
1977.....	...	...	⁵ \$3,240	⁵ \$270.00	\$1 for each \$2 of earnings above \$3,240.	1978
			⁵ 3,480	⁵ 290.00	\$1 for each \$2 of earnings above \$3,480.	1979
			⁵ 3,720	⁵ 310.00	\$1 for each \$2 of earnings above \$3,720.	1980
			⁵ 4,080	⁵ 340.00	\$1 for each \$2 of earnings above \$4,080.	1981
			⁵ 4,440	⁵ 370.00	\$1 for each \$2 of earnings above \$4,440.	1982
			⁵ 4,920	⁵ 410.00	\$1 for each \$2 of earnings above \$4,920.	1983
			⁵ 5,160	⁵ 430.00	\$1 for each \$2 of earnings above \$5,160.	1984
			⁵ 5,400	⁵ 450.00	\$1 for each \$2 of earnings above \$5,400.	1985
			⁵ 5,760	⁵ 480.00	\$1 for each \$2 of earnings above \$5,760.	1986
			⁵ 6,000	⁵ 500.00	\$1 for each \$2 of earnings above \$6,000.	1987
			⁵ 6,120	⁵ 510.00	\$1 for each \$2 of earnings above \$6,120.	1988
			⁵ 6,480	⁵ 540.00	\$1 for each \$2 of earnings above \$6,480.	1989
			⁵ 6,840	⁵ 570.00	\$1 for each \$2 of earnings above \$6,840.	1990
			⁵ 7,080	⁵ 590.00	\$1 for each \$2 of earnings above \$7,080.	1991
			⁵ 7,440	⁵ 620.00	\$1 for each \$2 of earnings above \$7,440.	1992
			⁵ 7,680	⁵ 640.00	\$1 for each \$2 of earnings above \$7,680.	1993
			⁵ 8,040	⁵ 670.00	\$1 for each \$2 of earnings above \$8,040.	1994
			⁵ 8,160	⁵ 680.00	\$1 for each \$2 of earnings above \$8,160.	1995
			⁵ 8,280	⁵ 690.00	\$1 for each \$2 of earnings above \$8,280.	1996

See footnotes at end of table

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Table 2.A29.—Earnings (retirement) test —*Continued*

Act	Beneficiaries exempt	Earnings subject to test	Amount permitted without reduction in benefits (exempt amount)		Reduction in monthly benefits ²	Effective year
			Annual earnings	Monthly wages ¹		
	For beneficiaries who have reached normal retirement age—currently age 65 ⁶					
1977.....	...	...	⁷ \$4,000	⁷ 333.33	\$1 for each \$2 of earnings above \$4,000.	1978
			⁷ 4,500	⁷ 375.00	\$1 for each \$2 of earnings above \$4,500.	1979
			⁷ 5,000	⁷ 416.66	\$1 for each \$2 of earnings above \$5,000.	1980
			⁷ 5,500	⁷ 458.33	\$1 for each \$2 of earnings above \$5,500.	1981
			⁷ 6,000	⁷ 500.00	\$1 for each \$2 of earnings above \$6,000.	1982
1981.....	Aged 70 or older	Up to age 70	...	...	...	1983
			⁵ 6,600	⁵ 550.00	\$1 for each \$2 of earnings above \$6,600.	1983
			⁵ 6,960	⁵ 580.00	\$1 for each \$2 of earnings above \$6,960.	1984
			⁵ 7,320	⁵ 610.00	\$1 for each \$2 of earnings above \$7,320.	1985
			⁵ 7,800	⁵ 650.00	\$1 for each \$2 of earnings above \$7,800.	1986
			⁵ 8,160	⁵ 680.00	\$1 for each \$2 of earnings above \$8,160.	1987
			⁵ 8,400	⁵ 700.00	\$1 for each \$2 of earnings above \$8,400.	1988
			⁵ 8,800	⁵ 740.00	\$1 for each \$2 of earnings above \$8,880.	1989
1983.....	...	...	...	...	\$1 for each \$3 of earnings above exempt amount.	1990
			⁵ 9,360	⁵ 780.00	\$1 for each \$3 of earnings above \$9,360.	1990
			⁵ 9,720	⁵ 810.00	\$1 for each \$3 of earnings above \$9,720.	1991
			⁵ 10,200	⁵ 850.00	\$1 for each \$3 of earnings above \$10,200.	1992
			⁵ 10,560	⁵ 880.00	\$1 for each \$3 of earnings above \$10,560.	1993
			⁵ 11,160	⁵ 930.00	\$1 for each \$3 of earnings above \$11,160.	1994
			⁵ 11,280	⁵ 940.00	\$1 for each \$3 of earnings above \$11,280.	1995
1996.....	...	...	12,500	⁸ 1,041.67	\$1 for each \$3 of earnings above \$12,500.	1996
			13,500	1,125.00	\$1 for each \$3 of earnings above \$13,500.	1997
			14,500	⁹ 1,208.33	\$1 for each \$3 of earnings above \$14,500.	1998
			15,500	¹⁰ 1,291.67	\$1 for each \$3 of earnings above \$15,500.	1999
			17,000	¹¹ 1,416.67	\$1 for each \$3 of earnings above \$17,000.	2000
			25,000	¹² 2,083.33	\$1 for each \$3 of earnings above \$25,000.	2001
			30,000	2,500.00	\$1 for each \$3 of earnings above \$30,000.	2002

¹ Monthly test for self-employment income is defined in terms of substantial services. For taxable years beginning after Dec 31, 1977, monthly test eliminated for both wage and self-employment income except that each individual may use monthly test for 1 grace year, usually the year of retirement.

² Earnings of retired-worker beneficiary affect total monthly family benefit. Earnings of dependent or survivor beneficiary affect only his or her benefit. However, effective January 1985, earnings of retired-worker beneficiary do not affect benefit to divorced spouse who has been divorced at least 2 years. Effective for benefits after December 1990, the 2-year requirement is waived, if the worker was entitled to benefits before the divorce.

³ Applied to self-employment income only.

⁴ Special provisions for earnings in noncovered employment outside the United States.

⁵ Became effective due to automatic adjustment provisions mandated by the 1972b Act (as modified by the 1973a and 1973b Acts).

⁶ Age 65 for beneficiaries who attain age 62 (age 60 for widows and widowers) before 2000, gradually increasing to age 67 for beneficiaries who attain age 62 in 2022 or later.

⁷ Discretionary increase included in 1977 legislation.

⁸ Actual amount is \$1,041.66 2/3.

⁹ Actual amount is \$1,208.33 1/3.

¹⁰ Actual amount is \$1,291.66 2/3.

¹¹ Actual amount is \$1,416.66 2/3.

¹² Actual amount is \$2,083.33 1/3.